Disappointment expressed in World Economic Outlook released by IMF

4634. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the "World Economic Outlook" (WEO) recently released by the International Monetary Fund has highlighted the serious challenge faced by India with regard to fiscal deficit and extreme diappointment about the mild steps proposed in the Indian budget of 2000-2001 to tackle the problem;

(b) if so, what is Government's reaction thereto; and

(c) what steps are proposed to be taken to reduce the fiscal deficit to a sustainable level?

THE FINANCE MINISTER (SHRI YASHWANT SINHA): (a) to (c) The need for squarely confronting and overcoming the critical challenge posed by the weakening fiscal situation has been emphasized in the speech of the Finance Minister while presenting Central Government's Budget for 2000-2001. The fiscal trends in the economy have also been analyzed and the measures that need to be taken to contain the fiscal deficit indicated in the latest Economic Survey presented to Parliament. While highlighting the positive aspects of fiscal management in the case of Indian economy, the IMF has referred to the need for containing the fiscal deficit.

The various measures that are being undertaken by the Government to ensure optimal fiscal management have been spelt out in Finance Minister's speech referred to above. These measures include containing non-productive expenditure, zero based budgeting of all ongoing schemes etc. The Government have already set up an Expenditure Reforms Commission and are introducing legislative proposals in the Parliament on Fiscal Responsibility.